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Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, Central Intelligence DATE: MAY 26 1949

FROM : Assistant Director, Reports and Estimates

SUBJECT: Scope of Reliability of Foreign Intelligence 46095

Reference: Memorandum from Chairman, Joint Chiefs of Staff Budget Advisory Committee to the Director of Central Intelligence, dated 16 May 1949, subject: Budget Presentation before Joint Chiefs of Staff (or Representatives) F.Y. 1951.

1. The comments in this paper are limited to the information used in the production of National Intelligence. It is assumed that the intelligence agencies of the National Military Establishment are best qualified to comment on the adequacy of the information upon which Order of Battle and other specialized military intelligence analyses are based.

2. The adequacy, both in quantity and quality, of the information used to produce National Intelligence is proportionate to the stability of the area concerned. Because of this, the best information is frequently received from areas that are of relatively little importance. Conversely, reporting is poor from disturbed areas and from the USSR and Communist controlled territories. Evaluation of the usual fragmentary material reaching ORE from the Soviet Union and the Satellites presents an especially complex problem when it is evaluated and examined for shortcomings, inaccuracies, prejudice, and distortion of fact.

3. Political reporting can generally be considered better than economic, although that from many areas (e.g., Finland, Iran, Spain) is still inadequate as a firm basis for analyzing political orientation and national will.

4. Economic Intelligence is generally adequate as to scope and reliability in those countries where both government departments and private institutions freely publish statistics in all important fields of economic activity ^{25XGA} [REDACTED] It is inadequate in those areas where such reporting is not available (such as the Soviet Zone of Germany). Intelligence estimates of Economic capabilities of many important areas, therefore, are less accurate and are subject to a wide degree of error.

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5. Insofar as it is possible to generalize, it can be said that while the information received is frequently sufficient to permit ORE to make accurate and reliable "Short-term" estimates, it is rarely adequate in scope, reliability, or continuity to permit firm long-range estimates.

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THEODORE BABBITT

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